

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 582 - SB 1016

March 21, 2013

SUMMARY OF BILL: Makes certain inter-local agreements, associations, and nonprofit organizations subject to regulation and open records law codified in Title 10, Chapter 7, of Tenn. Code Annotated. Makes confidential any actuarial tables or risk formulae used to establish rates by public agencies, risk pools, or public non-profit entities that provide insurance services to public agencies. Prohibits a governmental tort liability pool from distributing profit to members of the pool or any other business entity, except to pay claims or upon the final dissolution of the pool. Authorizes the pool to make dividend payments back to members if the pool has a positive surplus before and after dividend declaration. Authorizes the Department of Commerce and Insurance (DCI) to examine the affairs of certain special funds or associations and regulate as may be necessary. Requires DCI to take charge of the associations if it is unable to satisfy contractual obligations.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,500/One-Time

Other Fiscal Impact – Operational costs for risk pools and insurance pools with local government participation could increase which could ultimately result in increased local government expenditures for participation; the extent of any such increased expenditures are unknown and would be considered mandatory.


Assumptions:

- According to DCI, the power to examine governmental tort liability pools and promulgate rules as necessary will require the use of a court reporter at a cost of \$500 for each rule making hearing, plus the cost of transcripts from such hearing. Transcript costs are estimated to be \$1,000 (\$5 per page x 200 pages) for a total one-time increase in state expenditures of \$1,500 (\$500 + \$1,000).
- According to DCI, the Department has adequate resources to develop exam procedures and also procedures for placing insolvent government liability pools into receivership.
- Making certain records and agreements subject to open records law is not estimated to result in any increased local government expenditures.

- According to County Technical Assistance Service (CTAS) and Municipal Technical Advisory Service (MTAS), this bill could result in increased operation costs for associations operating local government risk and insurance pools, which could result in increased expenditures for local governments participating in the association risk and insurance pools; however such impacts to local government cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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